

Overview: Capital Improvement Plans (CIP)

April 10, 2012



Purpose of Presentation



1. Review Non-Impact CIP Funds
 - Asset Management
 - Construction Sales Tax
2. Review Impact Fee Funds
3. Identify Outcomes
4. Discuss Financial Policies
5. Discuss Projects

Asset Replacement Funding



Objective: Accumulate resources necessary to replace infrastructure in a timely manner so as maintain established levels of service and safety.

■ Replacement Categories

- Public Works Assets including streets, traffic signals, drainage, etc.
- Vehicles and Rolling Stock
- Community and Recreation Services Assets include Stadium, Pools, parking lots, fields, tennis courts, and recreation centers
- Information Technology Assets include computers, software, servers, printers, audio/visual technology.
- Police and Fire equipment

Asset Replacement Funding (continued)



- Operating Funds
 - Annual Transfers to the General CIP Fund were eliminated several years ago to help balance the Operating Budget
 - Recommendation to spend \$0.75M annually from General CIP Fund
 - Begins to Address Replacement Backlog
 - Re-Start Annual Contributions in FY 2014

Asset Replacement Funding (continued)



\$17M Annually for Ideal Funding

Infrastructure	Cash Balance at 6/30/11	Annual Contribution	FY 2012 Funding
Pavement Management	\$0	\$12 M.	\$1 M.
Vehicles	\$6.6 M.	\$1.5 M.	\$0
Parks/ Recreation	\$0	\$2.0 M.	\$0.125 M.
IT and Related	\$0	\$0.5 M.	\$0
Fire	\$0	\$0.25 M.	\$0
Police	\$0	\$0.25 M.	\$0
Public Works (non streets)	\$0	\$0.5 M.	\$0
TOTAL	\$6.6 M.	\$17 M.	\$1.125 M.

Non-Growth CIP Funding



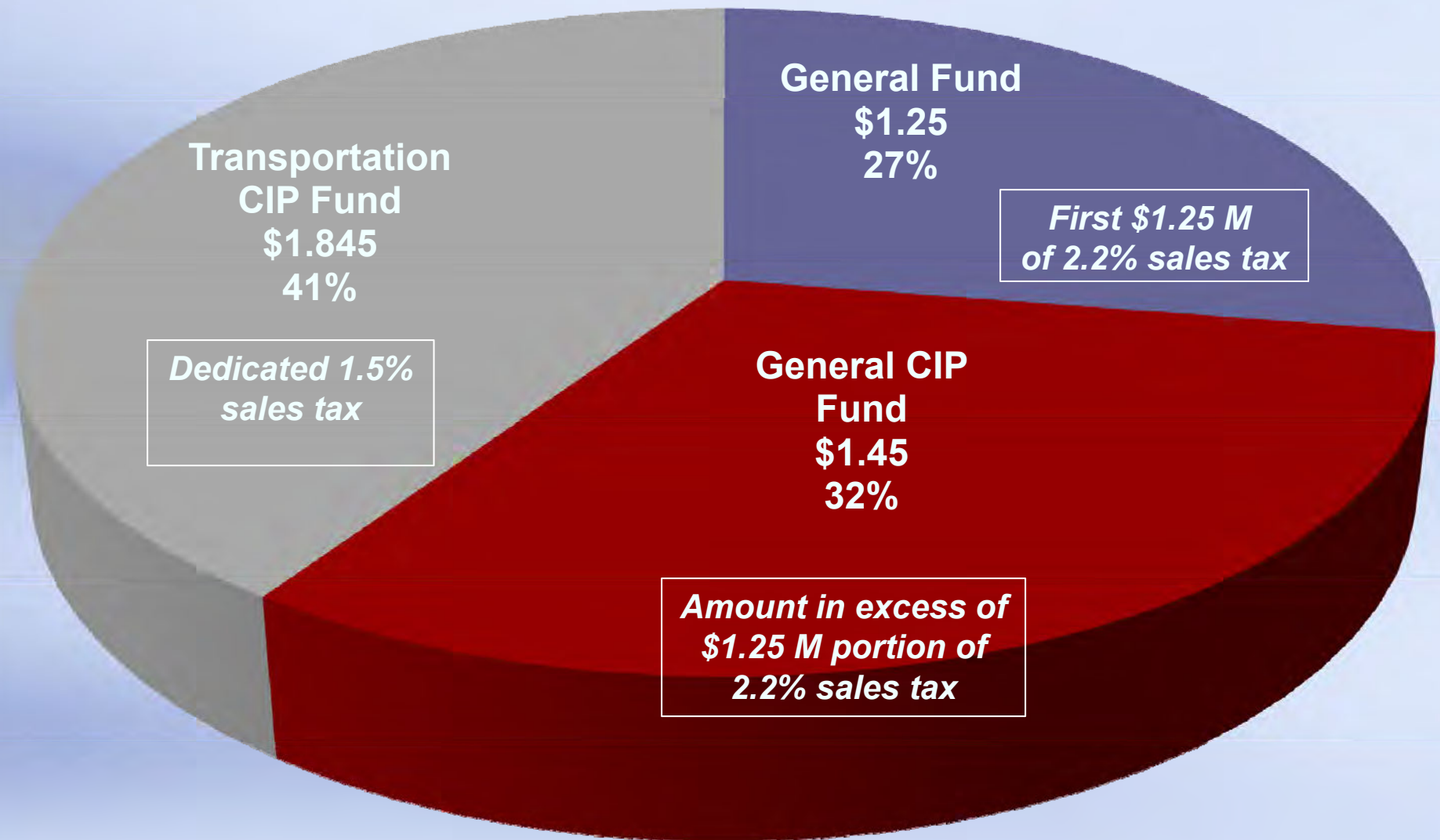
1. The 2.2% portion of Construction sales tax is allocated to the General Fund first (up to \$1.25 M.) and then the balance to the General Government CIP Fund.
2. Effective July 1, 2005, the City implemented a dedicated 1.5% sales tax on construction activity to be “used solely for the purposes of paying costs related to new roadways and to refurbish existing transportation corridors”.

3.7% Construction Sales Tax



- Revenues have decreased significantly
 - \$17.3M in FY 2007
 - \$4.5M Estimated in FY 2013
- Construction based revenue is volatile due to Economy and Growth
- Development Activity expected to gradually increase over next several years
 - Loop 303 Significant Impact Now

3.7% Construction Sales Tax Allocation: \$4.5M FY 2013 Projection



General CIP Fund Outcomes



1. Ensure Sufficient Cash Balance Exists to Make Estimated \$5M Interfund Loan at 6/30/12 to the Operating Budget
 - Loan to be paid off by 6/30/14
 - Limits Project Funding until paid off
2. Leverage Third Party Funding
3. Address Most Important Asset Replacement Needs (e.g. safety)
4. Identify Unfunded Projects for Long-Term Planning Purposes

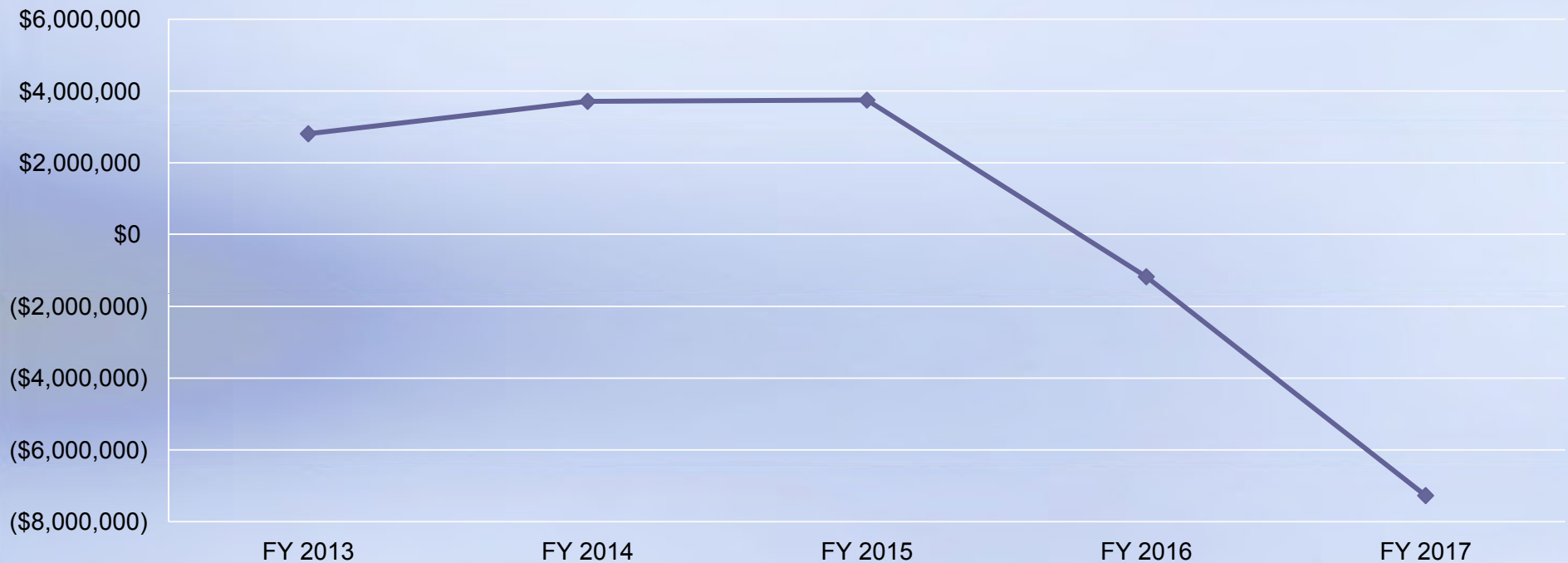
General CIP Fund



	FY 2013	FY 2014	FY 2015
Construction Sales Tax > \$1.25M	\$1.5M	\$1.5M	\$1.5M
Interest on Interfund Loans	<u>\$1.5M</u>	<u>\$1.4M</u>	<u>\$1.4M</u>
Total Sources:	\$3.0M	\$2.9M	\$2.9M
Projects	(\$5.1M)	(\$4.2M)	(\$2.9M)
Net Change in Fund Balance	(\$2.1M)	(\$1.3M)	\$0M
Available Beginning Fund Balance *	\$2.2M	\$2.6M	\$3.8M
<i>Interfund loan repayment from Operating Budget</i>	\$2.5M	\$2.5M	\$ -
Available Ending Fund Balance *	\$2.6M	\$3.8M	\$3.8M

* Balance includes resources available for spending, it excludes interfund loan receivables

General CIP Fund Cash Projection



- Balance increased \$4.6M due to 2003 MPC Debt Allocation Adjustment (FY 2011 CAFR PPA)
- Repayment from General Fund \$5M interfund loan. \$2.5M in FY2013 and \$2.5M in FY2014.
- \$36M Interfund Loan Receivable (City Hall) remains unpaid.

General CIP Fund Policy Issues



1. Maintain Existing Policy Allocating Construction Sales Tax in Excess of \$1.25M from the Operating Budget
 - \$0.2M Increase from FY 2012
2. Initiate \$1M Fund Balance Reserve Policy
3. Initiate \$0.75M Asset Replacement Program

Transportation CIP Fund Outcomes



1. Leverage Third Party Funding
2. Identify Unfunded Projects for Long-Term Planning Purposes
3. Short-Term
 - \$1.8M Available to Program by FY 2015
 - Smaller Projects Possible
4. Long-Term
 - Loop 303 Intersection Projects

Transportation CIP Fund



	FY 2013	FY 2014	FY 2015
1.5% Dedicated Construction Sales Tax	\$1.8M	\$1.8M	\$1.8M
Projects	(\$1.4M)	(\$1.3M)	(\$2.0M)
Development agreement reimbursements	(\$0.3M)	(\$0.3M)	(\$0.3M)
Net Change in Fund Balance	\$0.1M	\$0.2M	(\$0.5M)
Beginning Fund Balance	\$2.0M	\$2.1M	\$2.3M
Ending Fund Balance	\$2.1M	\$2.3M	\$1.8M

Transportation Fund CIP Cash Projection



- FY 2015 and 2016 reflect large cost of Loop 303 intersection projects

Transportation CIP Fund Policy Issues



1. Maintain Existing Funding of Dedicated 1.5% Construction Sales Tax
2. Charge Direct Project Administration Staff Costs to Fund
 - ~\$100,000 Annually
3. Initiate a Minimum Fund Balance Reserve Policy of \$0.5M

Transportation CIP Fund Policy Issues

(continued)



4. Specific Projects:

1. Increase Street Preservation Funding above \$1M
2. Mountain View Boulevard (West of Grand): \$80,000
3. Cactus Road (175th Avenue to Cotton): \$0.9M
4. Others?

Impact Fee Fund Outcomes



1. All Interfund Loans Payable To Impact Fee Funds Have Been Paid Off
2. Pending Completion of Performance Audits, No Funds Will be Programmed for Projects in FY 2013
3. Interfund Loans Continue related to:
 - 2003 MPC Bonds
 - Interfund Loans

Roads (SPA 2,4,6) Impact Fee Cash Forecast

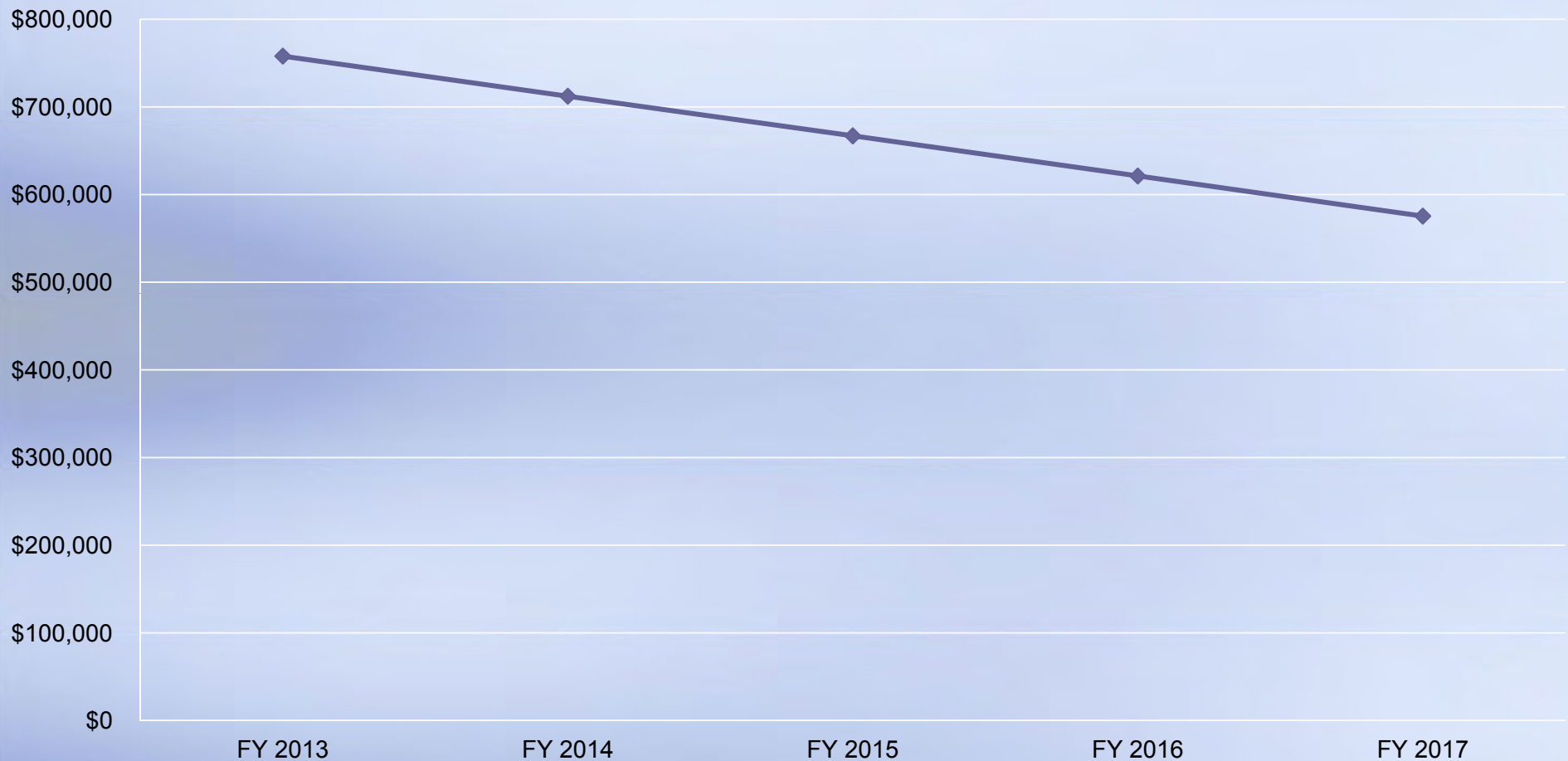


- Balance increased \$0.3M for unrecorded revenues (FY 2011 CAFR PPA)

Roads (SPA 3,5) Impact Fee Cash Forecast

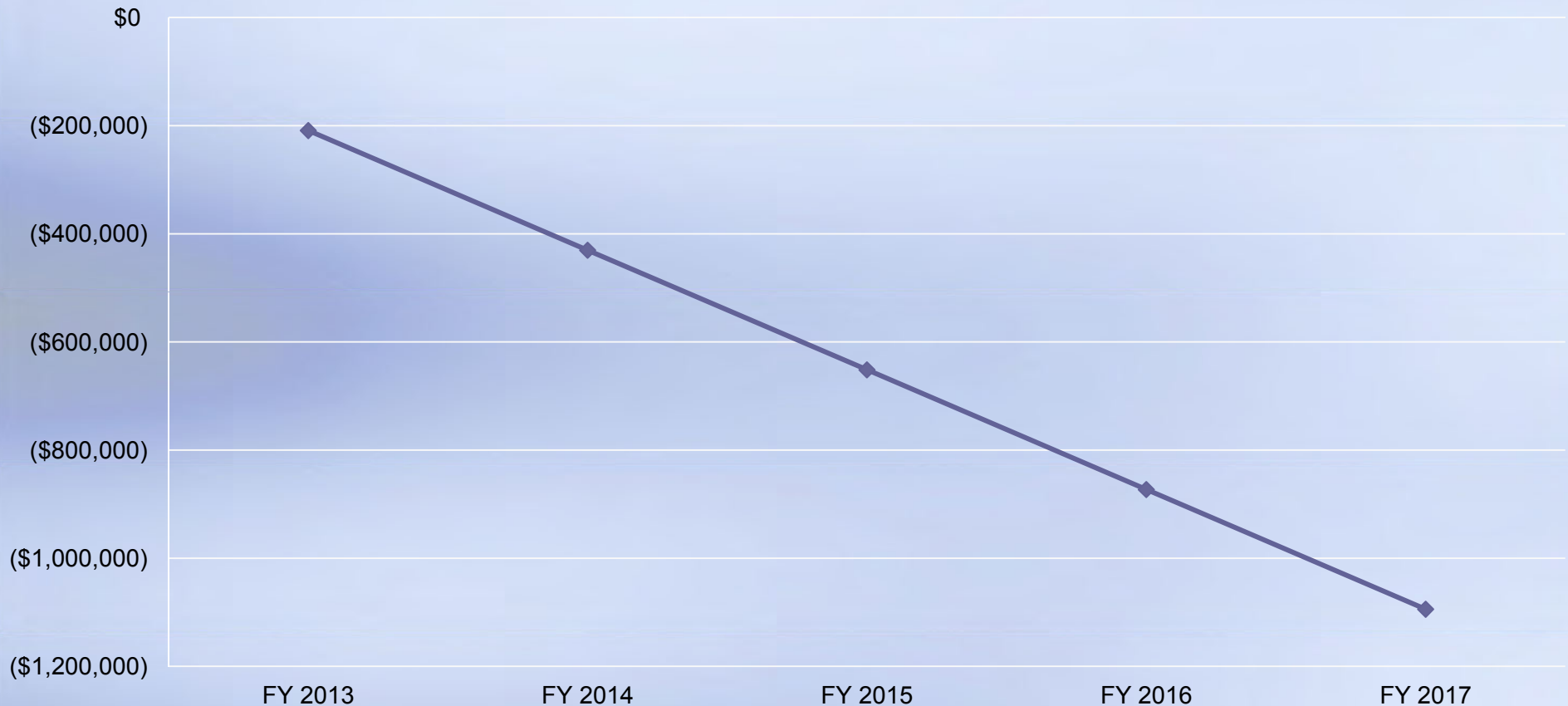


Police Impact Fee Cash Forecast



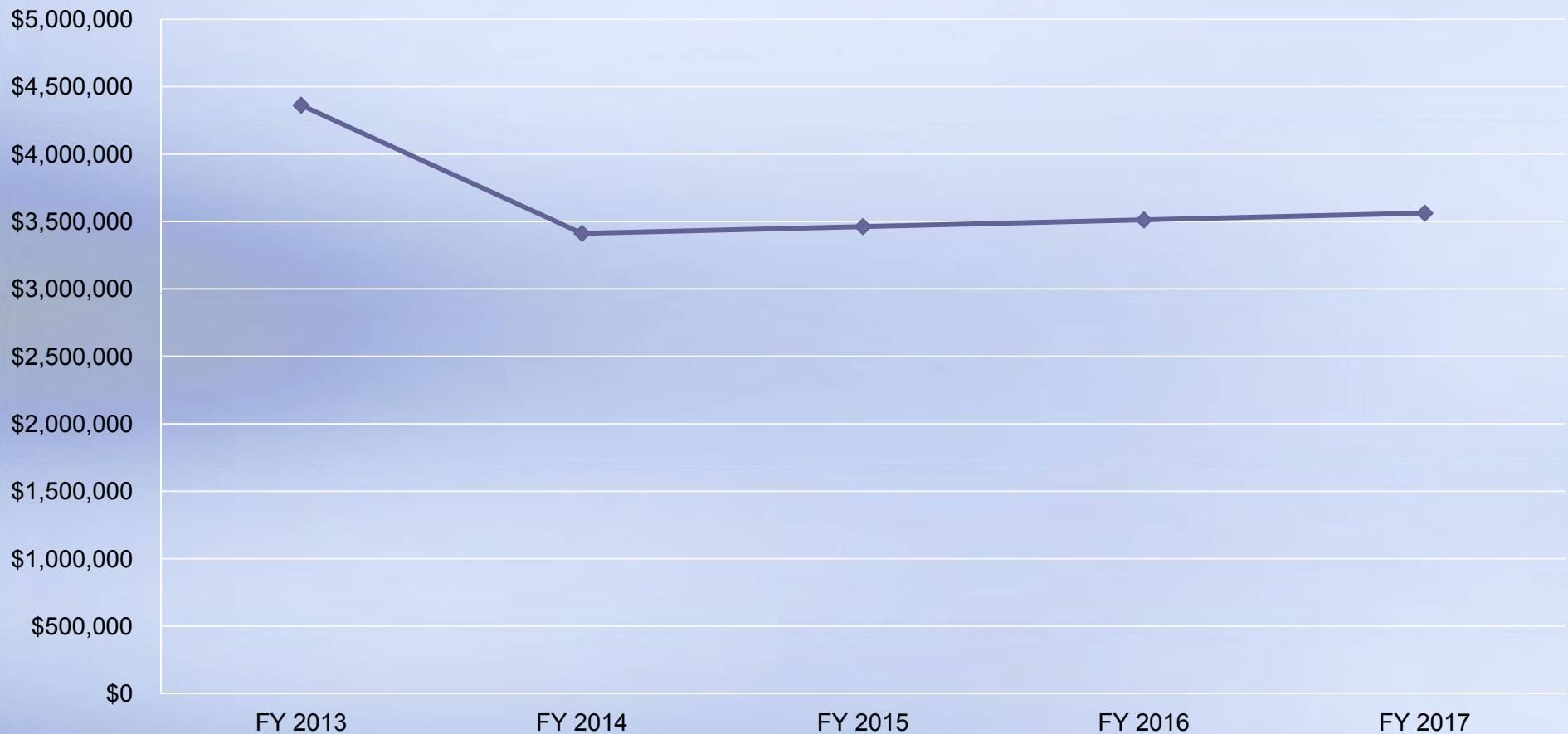
- Balance increased \$1.2M due to 2003 MPC Debt Allocation Adjustment (FY 2011 CAFR PPA)
- 2003 MPC Debt Service ~\$0.1M Greater Than Impact Fees

Fire and EMS Impact Fee Cash Forecast



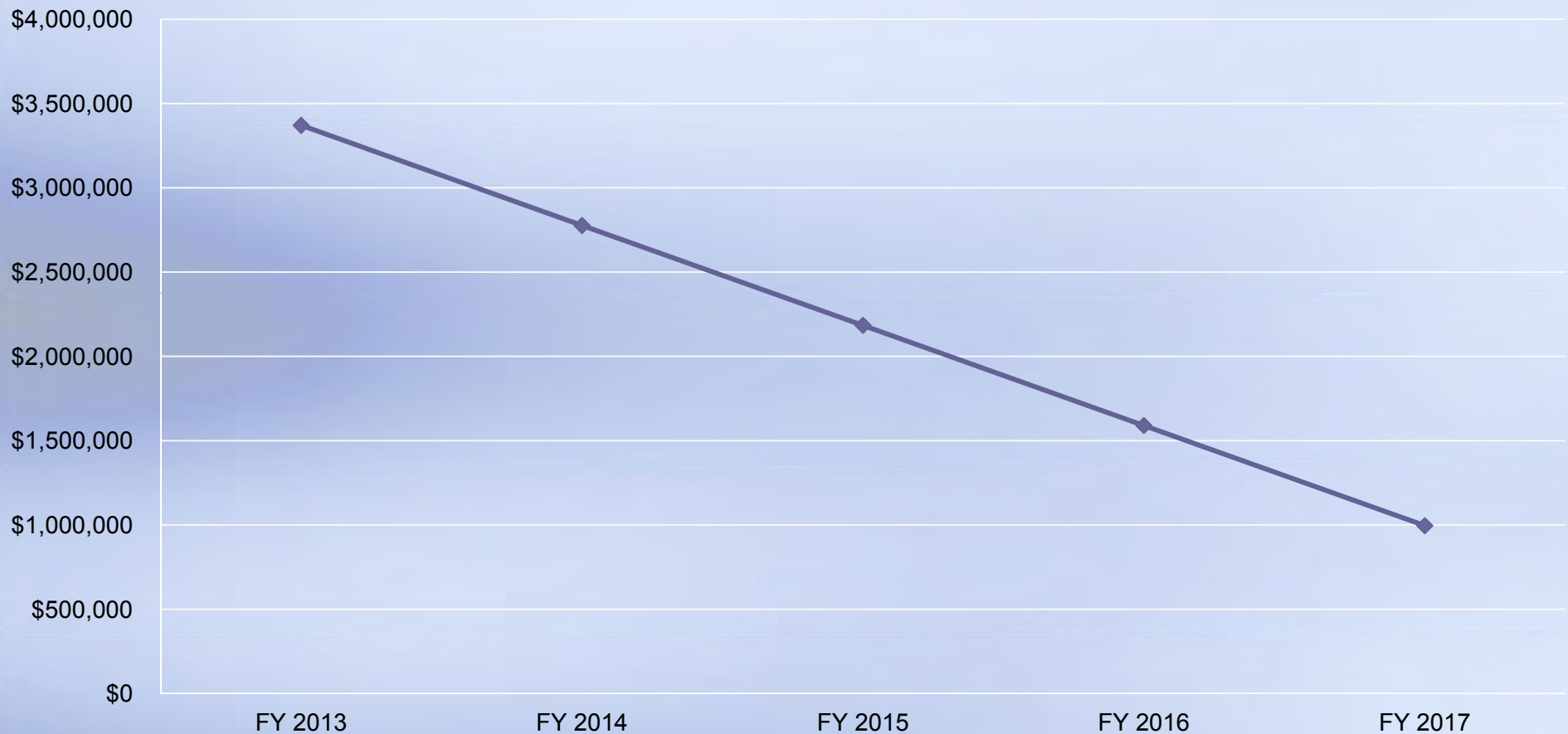
- Balance increased \$0.7M due to 2003 MPC Debt Allocation Adjustment (FY 2011 CAFR PPA)
- 2003 MPC Debt Service ~\$0.1M Greater Than Impact Fees
- \$7.1M Interfund Loan Payable at 6/30/11, will grow

Library Impact Fee Cash Forecast



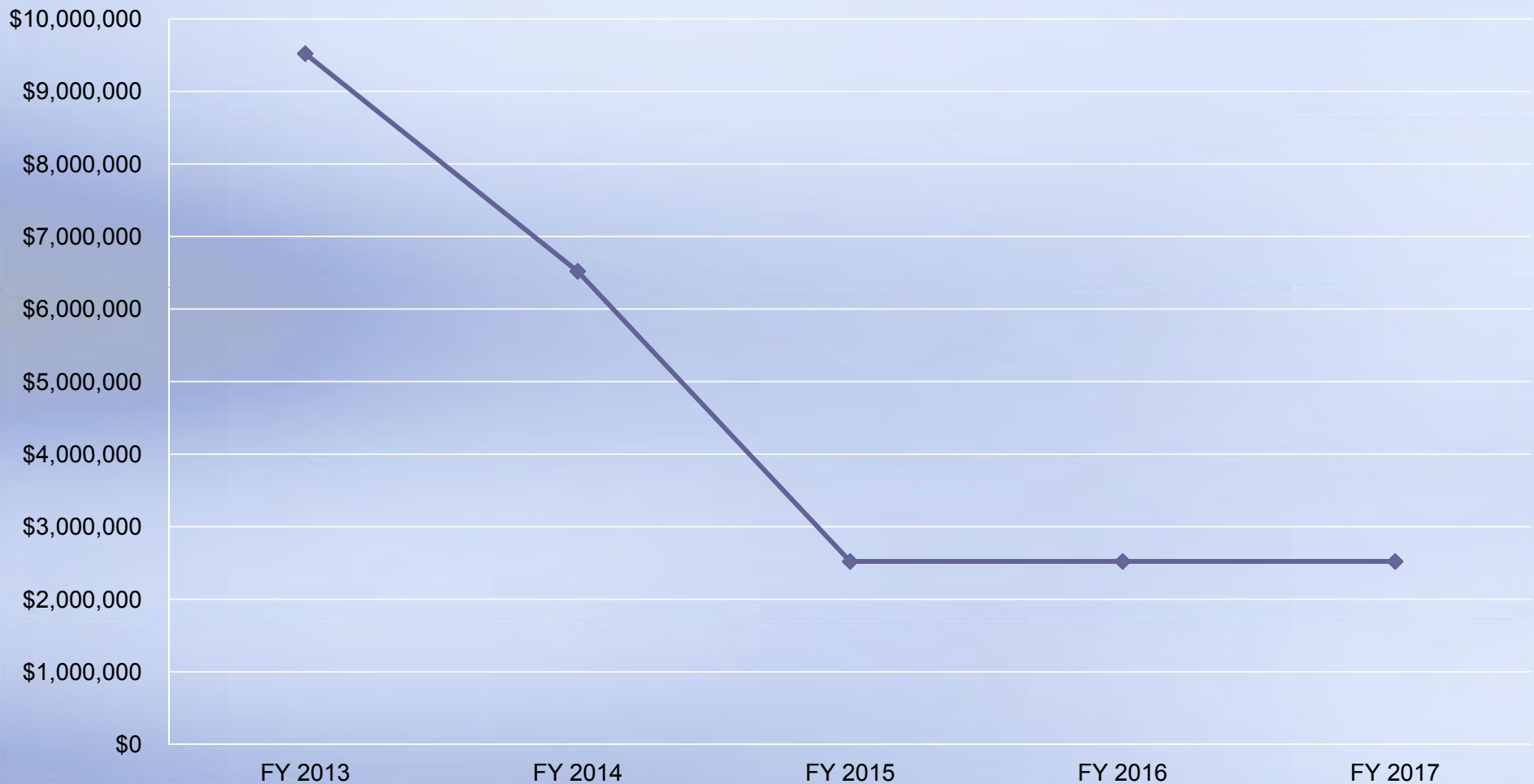
- State law changed to reduce size of libraries that can be constructed using Impact Fees (e.g. <10,000 SF only)

Parks and Rec. Impact Fee Cash Forecast



- Balance increased \$6.8M due to 2003 Debt Allocation Adjustment (FY 2011 CAFR PPA)
- 2003 MPC Debt Service ~\$0.6M Greater Than Impact Fees

Public Works Impact Fee Cash Forecast



- Effective 1/1/2012, State law eliminated this fee and amount must be spent within 10 years

General Gov. Impact Fee Cash Forecast



- Balance decreased \$4.1M due to 2003 Debt Allocation Adjustment (FY 2011 CAFR PPA)
- 2003 MPC Debt Service ~\$0.3M Greater Than Impact Fees
- \$43.7M Interfund Loan Payable at 6/30/11, will grow
- Annual interfund loan interest expense \$1.7M

Upcoming Calendar



April 17th

1. CIP Follow Up (if necessary)
2. CTCA Discussion (*tentative?*)
3. Review Financial Policies
4. Discuss Employee Benefits
 - Self-Insured Funding Level for Medical/Rx
 - Move Dental and Vision to Self-Insured
 - Review State Retirement Plans

Upcoming Calendar



April 24th

1. Enterprise Funds
2. Alternative Solid Waste Provide Approach
3. Development Agreements
4. All Other Wrap Up
5. May 1 if necessary

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Discussion and Questions

